



## Offer #401-HHS-005

### Child Care

This offer includes the following appropriations: Child Care

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### **Program Description:**

Child Care Assistance (CCA), Iowa's child care subsidy program, provides assistance to low-income families who need help paying for child care. The program is intended to enable parents to participate in employment or education/training, as well as promoting self-sufficiency and family stability. CCA benefits are provided in the form of child care payments made directly to an eligible child care provider chosen by the parent. CCA is an essential support for meeting Temporary Assistance for Needy Families (TANF) work requirements. Funding also supports the agency's efforts to regulate child care providers so children are safe; supports quality improvement activities so that children are cared for in environments that support their developmental and early learning needs; and supports system planning and improvement.

### **Who:**

Families eligible for the program

- Child Care Assistance is provided for children: 1) whose parents are either low-income and are working or in school full-time (including families participating in PROMISE JOBS activities); 2) are receiving protective child care; or 3) are in foster care home settings.
- The State's Child Care Assistance program serves families whose incomes are below 145% of the Federal Poverty Level (FPL). For a family of 4, this is equivalent to 44% of the State Median Income (SMI). [Note: The State Median Income for a family of 4 in Iowa is \$6,118 a month.]
- To put eligibility in perspective, a family of 4 can earn up to \$2,701 in monthly *gross* wages (\$32,412 annual gross wages).
- Families over 100% of the poverty level are assessed a "co-pay" to contribute to the cost of their children's child care. A 4-member family with 2 children in full-time care would be assessed \$7.40 a day for full-day care, which equals a monthly contribution of \$162.80 from their income.

In SFY 2011

### **Families Served**

- An average of 23,046 children were served monthly in Child Care Assistance, including children living in families engaged in PROMISE JOBS activities or receiving Protective Child Care.
- An estimated 90% of all children receiving child care assistance did so because their parents were employed (an increase of 3% from prior year).

- An estimated 10% of the children receiving child care assistance resided with a family member receiving FIP (a decrease of 5% from prior year).
- Of the children served by CCA in SFY 2011, 18% were infants and toddlers (two weeks to two years), 47% were pre-school age (2, 3 and 4 years old) and 35% were school age children (5 years and older).
- The total number of children served increased again in SFY 2011 after a slight decrease in SFY 2010. The number of children is projected to continue to increase in SFY 2012 and SFY 2013. An estimated 346 additional children per month are expected to be served in SFY 2012 and an additional 351 children per month in SFY 2013 across all children served.

### Providers Served

The Department regulates and supports 1,400 licensed child care centers and 4,900 registered child care development homes.

- The Department also processes payments for 4,300 legally operating, non-registered providers who received payment under the CCA program.

### **What:**

The Child Care program provides funding for:

- Child Care Assistance – determining family eligibility and issuing payments to providers.
- Regulation of Child Care – issuing licenses and registrations, conducting and evaluating record checks, and monitoring providers.
- Quality Improvement Activities –increasing access to quality providers for families and supporting providers in being in compliance with regulations and improving their quality of care. Mandated activities include Iowa’s Quality Rating System (QRS) and the Child Care Resource and Referral (CCR&R) agencies.

The Legislature also directs the Department to transfer TANF funds to the following child care related activities in SFY 2012:

- Child Care Assistance \$16,182,687.
- Early Childhood Iowa (ECI) Early Childhood Fund – a formula based distribution to 51 ECI areas to increase access to and improve the quality of child care settings for children birth-to-five (\$6,350,000).
- Training opportunities specifically to registered child development home providers – funding is distributed to the Child Care Resource and Referral Agencies to support the delivery of a 24 hour series known as “ChildNet” (\$200,000).

### **How:**

#### **Child Care Assistance**

- The Child Care Assistance Unit (CCAU) handles all child care processing, providing the necessary environment for streamlining and standardization. Income maintenance staff for the centralized service unit determines child care assistance eligibility for families. Payment staff review CCA billings and authorize provider payments. Payment is made within 10 business days of receiving an accurate bill. Of all billings submitted, 90% are now submitted electronically.

## **Regulation of Child Care**

### **Registration, Licensing, and Monitoring**

- Registration staff in the CCAU process child development home registrations and develop CCA provider agreements.
- DHS has 11 licensing consultants in local DHS offices across the State and one supervisor to conduct pre-regulation efforts, licensing, complaint investigations and any ongoing monitoring and consultation to the 1,400 child care centers. The current DHS ratio for licensed centers is 127 centers for each DHS licensing consultant. [Note: According to the National Association of Regulatory Administration (NARA), the ideal ratio of staff to all regulated settings should be between 50 –75:1 to be effective in monitoring compliance.]
- DHS local offices are responsible for conducting monitoring visits (“spot-checks”) for registered child development homes and responding to complaints for both registered and non-registered homes. Currently, DHS attempts to conduct inspections of 60% of the 4,900 child development homes, a target established by legislation and set to increase in 20% increments until 100% monitoring is accomplished by SFY 2014.

### **Record Checks**

- The CCAU conducts State record checks and evaluations for all persons in contact with children in the 4,900 child development homes and in the 4,300 legally operating, non-registered providers receiving CCA. The CCAU is responsible for evaluating criminal and abuse histories to determine if the person can operate a child development home or be a non-registered provider for CCA reimbursement.
- One DHS staff person is responsible for conducting State child abuse and criminal record checks for staff and volunteers in licensed child care centers. Beginning June 2010, centers have the option of either conducting the record check themselves through the Single Contact Repository (known as SING), or going through DHS to conduct the check. As of June 2011, 934 centers have established SING accounts, representing 67% of all licensed centers. The actual percent may be higher, as many centers have multiple sites. Prior to the direct use of SING by centers, approximately 16,500 record checks for centers were conducted in SFY 2010 by DHS. In SFY 2011, that number decreased to 1,084 checks. The number of record checks conducted by centers in SFY 2011 was over 13,600, almost 93% of the total for the year. A three-member team, including the DHS child care licensing supervisor, is responsible for evaluating criminal and abuse histories to determine if the person may be employed by or volunteer in a licensed child care center.

## **Quality Improvement**

Significant activities to support access to and availability of quality child care settings, funded with State and Federal child care funds, include contracting for:

- Child Care Resource and Referral (CCR&R): Five regional agencies deliver statewide parent referral services, on-site consultation, and training for child care providers, and data/assessment services for business and community planning.
- Quality Rating System: Voluntary rating system administered by DHS that provides technical assistance for providers, training, environment assessments, and achievement bonuses for participating providers.
- Wrap Around Child Care Program. Contracts that support continuity of services and expand the State’s Shared Visions preschool program, Head Start, Early

Head Start, Title I preschool, and Early Childhood Special Education programs to full-day, full-year opportunities to approximately 1,500 children.

- Early Childhood Iowa Early Childhood Funds: Community-based efforts to expand the capacity and quality of child care settings for children from birth to age five.
- Healthy Child Care Iowa – Contract with the Department of Public Health to improve the health and safety of child care settings.
- DHS contracts with a number of community-based agencies to: provide scholarship support to providers seeking post-secondary education; assist providers in maintaining sustainable child care businesses; provide training and consultation for providers serving infants and toddlers; and support providers serving children before and after school.

### **Service Support/Administration/System Improvement**

- Oversight and leadership: strategic management and monitoring of programs and accountability for the achievement of results.
- Program support: DHS staff are responsible for developing and maintaining the administrative rules and employees' manual for the child care program to ensure compliance with all relevant State and Federal laws and regulations. DHS also responds to exceptions to policy.
- Federal Compliance: DHS staff complete and monitor the child care state plan and amendments, program reporting required to claim Federal funding, and preparation for periodic Federal program reviews.
- Child Care Management Information System (CCMIS): DHS maintains a child care information system, known as KinderTrack that issues payments and sustains Federal claiming; allows families and providers to apply for services on-line; and provides child care related data for field staff, policy makers, Federal reporting, and the general public. All child care assistance and regulatory information is managed from this centralized system. Child care providers are able to bill for child care assistance payments online. Work continues to fully integrate regulatory features for use by the public and Department staff. The Child Care Provider Training Registry, a companion of KinderTrack, allows providers to view, register for, and keep a record of all completed group training as part of their requirements for registration and licensure. The public is able to search for a child care provider online and view program details of selected providers.
- Contract Management: DHS procures services and maintains and monitors more than 90 contracts with community-based and state agencies/organizations.
- Payment: DHS issues payments on behalf of families to providers and issues vendor payments.
- Council Support: DHS provides assistance with planning and representation to the State Child Care Advisory Committee (SCCAC). [Note: The SCCAC became a "committee" under the structure of Early Childhood Iowa beginning July 1, 2011, and is now directly supported by staff in the Department of Management.]

**Results Achieved:**

<b>Result:</b>	<b>SFY 2011 Actual Level</b>	<b>SFY 2012 Projected Level**</b>	<b>SF 2013 Offer Level**</b>
Increase in average number of children served monthly in Child Care Assistance*	23,046	23,392	23,743

<b>Result:</b>	<b>SFY 2011 Actual Level</b>	<b>SFY 2012 Projected Level**</b>	<b>SF 2013 Offer Level**</b>
Increase the percentage of children served by CCA receiving care in regulated settings	86%	87%	88%
Increase the number of registered child development homes	4,900	4,900	5,000
Increase the number of providers at Level 2 or higher in QRS to provide access to quality child care	977	1,200	1,300

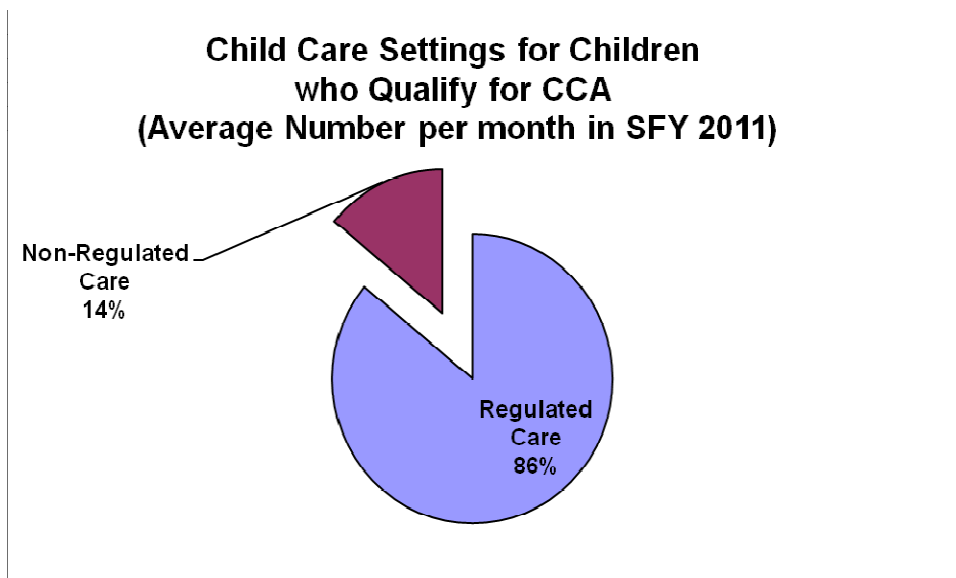
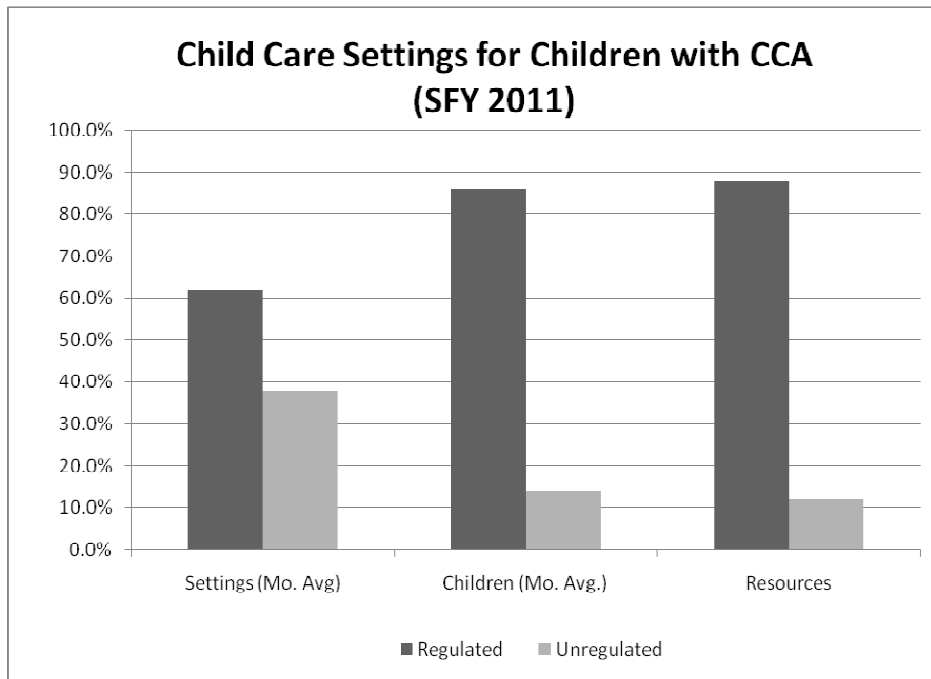
\* These figures represent the average of the 11 full months of child care data available each year for the months August through June. The July partial-month billing period was not included. This is a change from the method used to calculate the monthly averages in the SFY 2012 offer. SFY 2011 figures were revised to reflect the new method.

\*\*SFY 2012 and SFY 2013 projections assume full funding will be provided in the 2012 session through a supplemental appropriation to fund the projected shortfall for SFY 2012.

**Child Care Assistance**

The charts on the following page show the settings where children who qualify for CCA received care in SFY 2011.

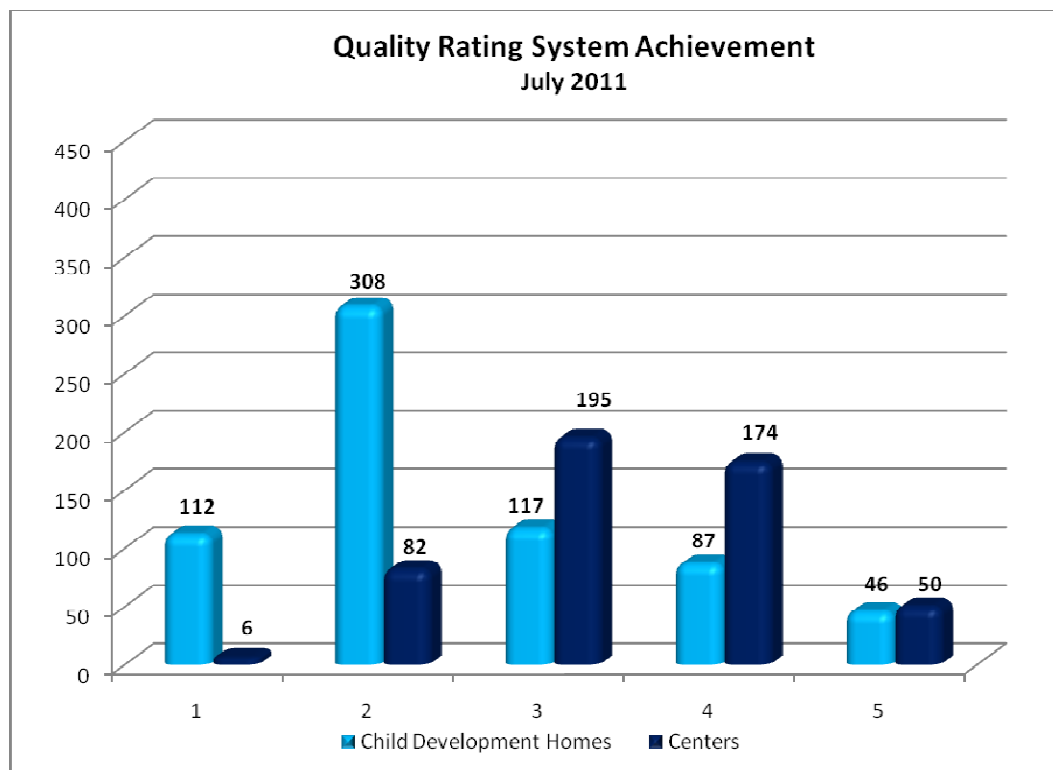
Even though over 38% of the providers receiving CCA payment are unregulated, 86% of the children are served in regulated care, and 88% of the expenditures went to regulated providers. Though the number of unregulated providers grew by 2% over SFY 2010, the percent of children in regulated care increased by 2% and expenditures to regulated settings remained the same.



### Quality

Iowa's Quality Rating System (QRS) - Implemented in February 2006, and 'recalibrated' in 2010, the QRS is a menu of key indicators used to assess the quality of child care. The QRS is a five-star rating system in which providers voluntarily choose to participate. A one-star program has maintained compliance with licensing and registration standards. A two-star program has achieved additional training and conducted self-assessments to prepare to move to the next levels of quality. Providers with 3-5 stars have received points in categories related to professional development, health and safety, environments, administration, and family and community partnerships.

- As of June 2011, over 1,100 providers are participating with the majority rated a two-star program. 30% of all child care centers and 12.6% of all child development homes voluntarily have received a QRS rating.
- In SFY 2011, 88% of participating child care providers achieved a QRS rating of 2 or higher.



### **Impact of Proposed Budget on Results:**

#### **Current Results:**

##### **Child Care Assistance**

- The CCA program will continue to serve an increasing number of children and families each month. Increases are anticipated due to lowans experiencing a reduction in employment hours that result in income levels that make them eligible for assistance, displaced workers going back to school, etc.

<b>Monthly Average Caseload</b>	<b>SFY 2010</b>	<b>SFY 2011</b>	<b>SFY 2012</b>	<b>SFY 2013</b>
<b>Child Care Assistance</b>	19,255	18,907	19,095	19,483
<b>Protective Child Care</b>	1,086	635	617	617
<b>PROMISE JOBS Child Care</b>	2,071	3,504	3,680	3,643
<b>TOTAL</b>	<u>22,412</u>	<u>23,046</u>	<u>23,392</u>	<u>23,743</u>

## **Regulation**

- To increase access for families to safe and higher quality providers, regulation of child care facilities needs to be maintained to support pre-regulation efforts, licensing and registration, and ongoing monitoring and consultation to child care centers and child development homes

## **Quality**

- QRS: In SFY 2012, an estimated 700 providers are projected to need environment rating scale training, and 200 will receive environment rating scale assessments
- In SFY 2013, an estimated 1,000 providers are projected to need environment rating scale training, and 250 will receive environment rating scale assessments. The QRS now requires a provider to earn a satisfactory assessment in order to achieve a Level 5.

Sustaining service delivery assumes the level of funding requested in the offer as well as full funding of salary adjustment. If funding is insufficient in either area, results to be achieved will be modified to reflect the impact.

## **Legal Requirements:**

### **Federal:**

Requirements are found in the Code of Federal Regulations (45 CFR, Parts 98 and 99) for the Child Care Development Fund.

### **State:**

The Child Care Assistance program, DHS regulatory responsibility, and quality improvement directions are outlined in Iowa Code 237A. Funding to support Early Childhood Iowa Early Childhood Funds is specified in Iowa Code Chapter 256I and the DHS appropriations bill.